

Top Secret

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Meeting No. 1269

17 December 74

NATIONAL INDICATIONS CENTER
DRAFT WATCH REPORT
for
WATCH COMMITTEE CONSIDERATION

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NSA review completed

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NIC DRAFT WATCH REPORT
of the
UNITED STATES INTELLIGENCE BOARD

No. 1269

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1 The Committee concludes that there will be
2 no military attack on the United States or
3 its overseas forces in the near future.

4 Subjects of immediate concern are discussed
5 below. [redacted]

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7 I. Middle East

8 1. An outbreak of major Arab-Israeli hostilities remains
9 unlikely in the near term but Israel, Egypt and Syria continue
10 to maintain a high state of military preparedness. Their pres-
11 ent capabilities and deployments would permit a renewal of the
12 conflict with little additional preparation or warning should
13 diplomatic initiatives fail. Egypt's extreme terms for a Mid-
14 dle East settlement, as outlined by Foreign Minister Fahmi,
15 have set back prospects for negotiations with Israel. [redacted]

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16 II. USSR-Eastern Europe

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17 2. We see no indications of hostile intent in the military
18 activity of the USSR or other Warsaw Pact nations. [redacted]

19 III. Southeast Asia

20 3. We expect the Communists to continue their winter-spring
21 campaign in southern South Vietnam. Fighting has spread in
22 Military Region 3. Most of the North Vietnamese 5th Division

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23 deployed into northern MR 4 during the recent fighting and
24 renewed attacks are expected there.

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BACKUPI. Middle EastISRAEL-ARAB STATES

1a. Arab and Israeli forces continue to engage in training exercises designed to maintain a high level of military preparedness should peace negotiations become deadlocked and fighting resume on one or both fronts. Egypt and Israel appeared to be attempting further negotiations on territorial concessions in the Sinai, but these efforts may have been set back by Egyptian Foreign Minister Fahmi's sharp response on 13 December to recent remarks by Israeli Prime Minister Rabin. In his statement, Fahmi formulated Egyptian terms for a complete and final settlement of the conflict with Israel. Fahmi stated the conditions required that: Israel should give up its expansionist policy; indemnify the Palestinians for the injuries they have suffered; bear all indemnities for the consequences of its aggression against Arab countries; pay the value of oil and other materials extracted from the Sinai; not increase its population through immigration for the next 50 years; and recognize the PLO as the representative of the Palestinian people. Fahmi's statement is so extreme an expression of Egyptian demands as to suggest that Sadat intends it to signal a major change in Egypt's attitude toward negotiations with Israel. If Fahmi's statement truly represents a fundamental shift in Egyptian negotiating strategy, Sadat should follow up with a public restatement of the position indicating his personal approval. [REDACTED]

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1b. Israeli Foreign Minister Yigal Allon reacted to Fahmi's declaration of conditions for further negotiations by categorically rejecting Fahmi's conditions as absurd from beginning to end. Allon described Fahmi's remarks as inconceivable conditions that cannot even constitute a basis for bargaining. The subject of immigration, Allon stressed, is Israel's breath of life and the very reason for the state's existence. Allon emphasized that the subject of immigration, as well as the subject of the 1947 partition frontiers raised by Fahmi, are not and can never be a basis for discussions or bargaining. The same is true, Allon stated, regarding plans for a PLO state in Palestine which is also categorically rejected by Israel. The Foreign Minister added that Fahmi's remarks make Egypt's readiness to enter into serious negotiations with Israel on an interim settlement strongly questionable. [REDACTED]

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1c. Israeli air strikes and artillery shelling against southern Lebanon and fedayeen infiltrations against Israel during the past week indicate that the situation along that border has worsened and additional guerrilla activity and Israeli reprisals can be anticipated. Lebanon has threatened to take the matter to the UN Security Council and, in the interim, is seeking assistance from fellow Arab states and other sources. [REDACTED]

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BACKUP

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SOVIET REACTIONS

A renewal of any major Soviet arms shipments to Egypt will be contingent on the outcome of Brezhnev's visit to Cairo in mid-January. [REDACTED]

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[REDACTED] we believe that the USSR will demand substantial concessions in return for a resumption of arms deliveries. Egypt clearly needs both spare parts for its existing inventory of Soviet weapons and is anxious to obtain new armaments as well. Efforts to diversify the Egyptian inventory with Western arms have had only limited success, and a major changeover would require years. [REDACTED]

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[REDACTED] There is no good evidence how far Egypt will be willing to go to meet Soviet demands, but Fahmi's proposals for a settlement with Israel suggest a growing sense of isolation and frustration in Cairo which may make Egypt more vulnerable to Soviet pressures. [REDACTED]

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BACKUPI. Middle East (cont'd)IRAQ-IRAN

Fighting continues between Iraqi government forces and the Kurdish rebels in northeastern Iraq with neither side seemingly gaining any significant advantage. Winter weather will continue to play a significant role in the conduct of operations for both sides, although the Kurds, as a light infantry force, may be expected to operate somewhat more effectively since they are less tied to lines of communication. Iraqi air operations against the Kurds continue, but the recent shootdown of two of their aircraft points up the fact that Iranian air defense elements are also becoming more effective. Although the Iraqis announced that their aircraft had been downed by US-made HAWK missiles, the probability is that the weapons system involved is the British-made RAPIER which is known to be in the hands of Iranian air defense units committed on Iraqi soil. This latest incident heightens the existing tension between Baghdad and Tehran, and might prompt the Iraqis to take some sort of direct action against targets in Iran, a course that they have hinted at in the past. [REDACTED]

Cyprus

The situation on Cyprus remains relatively quiet since the return of Archbishop Makarios to the island. He appears to better understand the realities of the situation and may now decide to adhere more closely to the line Karamanlis laid down at their meeting in Athens. We believe that Makarios will give Clerides written instructions very shortly to begin political talks with the Turkish Cypriot leader Denktash, thereby reducing considerably the threat of violence on Cyprus. Makarios, however, could attempt some action, in the process of solidifying his position, which could result in a heightening of tensions. [REDACTED]

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III. Southeast Asia

VIETNAM

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3a. The North Vietnamese 377th Air Defense Division has returned from southern Laos to Quang Tri Province, South Vietnam. [redacted] this division is now in the Cam Lo area--which places it in proximity to the headquarters of Groups 471 and 473 as well as the MR 559 Transportation Directorate. [redacted]

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3c. Fighting during the week continued to intensify in Military Region 3 of South Vietnam. Several government positions, including a district capital, were overrun in Phuoc Long Province. The Communists are continuing to shell Song Be, the province capital, and another district capital is under attack. Communist units northeast of Saigon are attempting to interdict roads which are used to move rice to Saigon. Heavy fighting continued for most of the week in Tay Ninh but now appears to be easing, at least temporarily. Although positive indications are lacking, the Communist 7th and 9th divisions in central MR 3 could initiate attacks at any time as part of the current offensive. Most of the action is now centered in the northern Delta where the North Vietnamese 5th Division recently arrived from Cambodia and western MR 3. To the south, the district capital of Hung Long in Chuong Thien Province fell after several days of pressure. Reportedly this was the first district capital in MR 4 to be overrun in several years. [redacted]

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3d. Fighting continues at generally low levels in MR's 1 and 2. Government units there are being realigned to provide a reserve force--perhaps to augment government units near Saigon if the Communists begin to move nearer the capital. [redacted]

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3e. The Soviet Chief of Staff, General Kulikov, is to pay an "official friendly visit" to North Vietnam later this month. This will apparently be the first trip of a senior Soviet military leader to Hanoi since the visit of the Air Defense chief, Marshal Batitskiy, just prior to the North Vietnamese "Easter Offensive" in 1972. Kulikov's visit will coincide with ceremonies marking the 30th anniversary of the North Vietnamese army, which is probably the ostensible reason for his trip. A more important purpose, however, almost certainly will be to review North Vietnamese military requirements for additional Soviet military aid. The North Vietnamese Deputy Defense Minister has recently been in Moscow, probably on an arms shopping mission.

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BACKUP

III. Southeast Asia

VIETNAM (cont'd)

It was Soviet practice during the course of the Vietnamese and Laotian conflicts to profess ignorance that the arms which is shipped to Hanoi would be used in offensives by North Vietnamese forces. Nonetheless, the USSR provided the bulk of the heavy equipment used in these operations. Since the cease-fire in Vietnam, there has been no evidence of any major Soviet arms deliveries to Hanoi, and a renewal at this time would probably signify a tacit Soviet agreement to support further Communist attacks in South Vietnam. [REDACTED]

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